

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 482 - HB 752

March 2, 2021

SUMMARY OF ORIGINAL BILL: Establishes the award for the first four courses taken under a Dual Enrollment Grant (DEG) to be equal to the cost of in-state tuition and mandatory fees established annually for community colleges or a Tennessee College of Applied Technology (TCAT). Requires the Tennessee Student Assistance Corporation's (TSAC) Board of Directors to determine the award for the fifth through tenth courses taken under a DEG.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$9,943,200/FY21-22/Lottery for Education Account
Exceeds \$9,943,200/FY22-23 and Subsequent Years
/Lottery for Education Account

Other Fiscal Impact - Funding in the amount of \$9,943,200 in FY21-22, and exceeding \$9,943,200 in FY22-23 and subsequent years will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

SUMMARY OF AMENDMENT (004231): Deletes and replaces language in the original bill to correct a typographical error without making any substantive changes to the legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from original fiscal note.

Assumptions for the bill as amended:

- The current DEG award amount for students at community colleges and four-year institutions is \$500 for the first two courses, \$200 for the third course, and no award is given for the fourth course.
- Based on information provided by TSAC, in order to account for the addition of mandatory fees in the calculation of the DEG award amount under the proposed

legislation, \$510 would be awarded for these recipients for each of the first four courses taken.

- Any increase in the award for courses five through ten is dependent upon future action of the TSAC Board of Directors, and is unknown at this time.
- Based on information provided by TSAC, the table below shows the FY19-20 enrollment data for students at a community college or four-year institution who have taken a third or fourth course and reflects the proposed award amounts. In addition, it is estimated that there will be at least a 50 percent growth in enrollment in courses three and four due to the DEG now covering the full cost of tuition and fees for those courses,
- and will continue to grow in subsequent years alongside increasing early postsecondary opportunities in school districts throughout the state.

	FY19-20 Fall	FY19-20 Spring	Total Courses	Current Grant	Proposed	Increase	Total Increase
1 course, 3rd time	1,451	1,943	3,394	\$200	\$510	\$310	\$1,052,140
1 course, 4th time	216	1,118	1,334	\$0	\$510	\$510	\$680,340
2 courses, 2nd & 3rd course	639	1,091	1,730	\$700	\$1,020	\$320	\$553,600
2 courses, 3rd & 4th course	1,119	2,930	4,049	\$200	\$1,020	\$820	\$3,320,180
2 courses, 4th and 5th course	372	500	872	\$0	\$510	\$510	\$444,720
						Grand Total:	\$6,050,980
						50% Growth:	\$9,076,470

- The current award amount for DEG recipients attending a TCAT is \$300 per course for the first four courses taken.
- The proposed legislation would increase that amount to \$391, or an increase of \$91 (\$391 - \$300), per course for the first four courses taken.
- Based on information provided by TSAC, TCAT students took 7,872 courses representing the first through fourth courses in academic year 2019-2020. Course participation by TCAT students historically increases by 10 percent each year; therefore, in academic year 2021-2022, the number of DEG courses taken by TCAT students is estimated to be 9,525 $[(7,872 \times 1.10 \text{ growth}) \times 1.10 \text{ growth}]$ in academic year 2021-22.
- The total one-time increase in state expenditures from the Lottery for Education Account associated with TCAT students is estimated to be \$866,775 (9,525 courses x \$91) in FY21-22.
- A total one-time increase in state expenditures to the Lottery for Education Account of \$9,943,245 (\$9,076,470 + \$866,775) in FY21-22.
- It is estimated that there will be sustained growth in DEG awards for all eligible students due to the additional benefits and the increasing early postsecondary opportunities in

school districts throughout the state; therefore, the recurring increase in state expenditures in FY22-23 and subsequent years is estimated to exceed \$9,943,245.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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